

Message Text

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ORIGIN L-03

INFO OCT-01 EUR-12 ISO-00 EB-07 TRSE-00 SCS-03 SCA-01

OMB-01 H-02 PM-04 NSC-05 SP-02 SS-15 INR-07 CIAE-00

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----- 122060

R 040208Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY LONDON

AMEMBASSY NICOSIA

C O N F I D E N T I A L STATE 052242

E.O. 11652: GDS

TAGS: PFOR, CPRS, EIND, CY, TU

SUBJECT: U.S. PROPERTY CLAIMS IN NORTHERN CYPRUS (CMC);
TURKISH GSP ELIGIBILITY

REFS: A) ANKARA 1484; B) ANKARA 1500; C) STATE 30864;
D) NICOSIA 3486 (1975); E) ANKARA 1627

1. DEPT OFF REPORTED SUBSTANCE REF(A) TO CMC ASST. COUNSEL
APEL IN LOS ANGELES. CMC WILL GLADLY ENTERTAIN POLAR RECOM-
MENDATIONS ON NEGOTIATION TACTICS AND SUGGESTIONS REGARDING
TONE OF LETTER TO AZOT. CMC SHARES WITH US CONCERN THAT AN
APPROPRIATE DEMAND FOR PAYMENT BE DELIVERED TO AZOT FOR
RECORD, AND WILL CONTACT US AFTER STUDY OF POLAR LETTER
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(REF E).

2. HELPFUL INFORMATION REF (B) TRACKS WITH INFO AND DOCUMENTATION AVAILABLE TO DEPT. WE ARE AWARE OF CMC-AZOT DISCUSSIONS REPORTED REF (B), PARA 1A, AND AZOT TENDER FOR 1975 PYRITE DELIVERIES; CMC ASSURES US ONLY RELEVANT CONTRACT IS 1973 AGREEMENT, STILL PARTIALLY UNFILLED IN OCTOBER 1974 (REF C, PARA 2). WE APPRECIATE SENSITIVITY OF POLAR SOURCES, AND LEAVE TO EMBASSY ANKARA DISCRETION WHETHER FURTHER EFFORT MIGHT ELICIT ADDITIONAL INFORMATION ON SEPT. 1974 AZOT-CMC DISCUSSIONS; AMPLIFICATION OF SUBSEQUENT "UNDERSTANDING", IF

ANY, IN LIGHT OF OCTOBER 1974 EVENTS AND JANUARY 1975 CMC ATTEMPT TO SECURE PAYMENT FROM AZOT; AND FINALLY, AZOT'S THEORY IN INDICATING PAYMENT TO ENTITY OTHER THAN CMC FOR PYRITE SHIPMENTS, AND WHETHER POLAR PASSED THIS INFORMATION TO CMC AT THAT TIME (CMC HAS STATED THEY HAVE NEVER RECEIVED HARD INFORMATION CONCERNING SUCH A TRANSFER OF FUNDS). IT IS OUR UNDERSTANDING THAT WHATEVER TENTATIVE UNDERSTANDING MAY HAVE BEEN REACHED BETWEEN CMC AND AZOT IN SEPTEMBER 1974 IT WAS CLEARLY REPUDIATED BY SUBSEQUENT CMC COMMUNICATIONS IN OCTOBER. PLEASE ADVISE IF YOU HAVE DIFFERENT IMPRESSION.

3. CMC ACKNOWLEDGES PAST AZOT OFFERS TO PAY UPON PRESENTATION OF INVOICES, BUT DISMISSED SUCH PROPOSALS AS DISINGENUOUS SINCE AZOT WELL AWARE CMC DID NOT HAVE DATA NECESSARY TO COMPLY. INVOICE PROBLEM NEED NOT DERAIL NEGOTIATIONS IF AZOT IN GOOD FAITH WILL INDICATE ITS PYRITE RECEIPTS FROM XEROS STOCKPILES; IF CMC SATISFIED THIS FIGURE ACCORDS WITH ITS OWN ESTIMATES OF PYRITE SHIPMENTS, APEL CONFIRMS CMC WILLING TO MEET TURKISH EXCHANGE CONTROL FORMALITIES.

4. MORE SERIOUS PROBLEM, OF COURSE, IS POSED BY POSSIBLE PAYMENT TO TFSC OF MONEY OWED TO CMC AND VARIOUS ALLEGATIONS OF CONTINUING AZOT AND/OR TFSC UNDERSTANDING WITH CMC, CATEGORICALLY DENIED BY CMC. IF AZOT RAISES THIS AS BAR TO CMC SEEKING PAYMENT, OBVIOUSLY THEY WILL HAVE TO BE PUT TO PROOF CMC HAS ACTUALLY RECEIVED COMPENSATION FOR SHIPMENTS. ABSENT ANY AGREEMENT TO CONTRARY, DIRECT OBLIGATION OF AZOT TO CMC IS CLEAR REGARDING PYRITES RECEIVED FROM XEROS STOCKPILE. WE HOPE AZOT GENERAL MANAGER'S MUTED REF-CONFIDENTIAL

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ERENCE TO ALLEGED AGREEMENT REF (A), PARA 3, IS POSITIVE SIGN THIS MIGHT NOT POSE INSUPERABLE OBSTACLE TO FRUITFUL NEGOTIATIONS. WE WOULD WELCOME EMBASSY ANKARA'S SUGGESTIONS OF FURTHER STEPS, IF ANY, WE MIGHT TAKE AT THIS TIME TO FACILITATE POSITIVE OUTCOME OF CMC-AZOT CONTACTS, AS WELL AS REGARDING TACTICS AS EVENTS UNFOLD.

5. FOR NICOSIA: CAN YOU IDENTIFY TURKISH CYPRIOT ORGANI-

ZATION 'ETI'MENTIONED REF (E)? KISSINGER

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Margaret P. Grafeld
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